

Message Text

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TO AMCONSUL KARACHI IMMEDIATE

C O N F I D E N T I A L STATE 112394

E.O. 11652: GDS

TAGS: BEXP, PK

SUBJECT: MAJOR PROJECT: CHEMTEX/DUPONT PROPOSAL

--- FOR POLYESTER PLANT

FOR: ALLAN

REF: KARACHI 0821

SUMMARY: APPRECIATE INFORMATION REFTEL, AND AGREE THAT CONGEN HAS DONE ALL POSSIBLE TO AFFECT DECISION-MAKING PROCESS. HOWEVER, WOULD APPRECIATE CONGEN MAINTAINING INTIMATE CONTACT WITH BIM AND PROJECT DIVISION TO ASCERTAIN ANY DETERIORATION OF CHEMTEX POSITION.

1. TONNIES OF CHEMTEX DISCUSSED CURRENT SITUATION AT LENGTH WITH MEPD. CHEMTEX IS CONCERNED THAT THE JAPANESE, WHO ARE PROBABLY PARKED ON DOORSTEP OF FCCC, MAY OFFER TO ARBITRARILY LOWER THEIR PRICE AT ANY TIME IF THEY CAN SEE PROSPECTS OF SUCCESS. OF INTEREST IS THAT CHEMTEX HAS RECENTLY MET WITH TORAY REGARDING COOPERATION ON ANOTHER UNRELATED PROJECT, AND THAT A JUNIOR TORAY ENGINEER LET SLIP INFORMATION WHICH
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INDICATES TORAY PRICE ON FCCC PLANT IS ONE MILLION DOLLARS

LESS THAN CHEMTEX. (APPROXIMATELY 25 MILLION DOLLARS COMPARED TO CHEMTEX 26 PLUS MILLION).

2. TONNIES EXPLAINED THAT PRIOR TO DEPARTURE FROM PAKISTAN, CHEMTEX TEAM HAD DISCUSSION WITH MAHMOOD AHMED. AHMED ASKED WHETHER "FURTHER PRICE DISCUSSION SHOULD TAKE PLACE BEFORE OR AFTER TECHNICAL TEAM VISITS TO U.S. PLANTS." CHEMTEX, OF COURSE, TOLD AHMED THAT THIS WAS OPEN FOR DISCUSSION AFTER THE VISIT. THE IMPLICATION IS THAT FCCC STILL ATTEMPTING NEGOTIATE LOWER PRICE, AND THAT CHEMTEX NOW MAY NOT HAVE THE OPTION OF FURTHER NEGOTIATION.

3. WHILE TONNIES ADVISES THAT PROJECT BID AS PROPOSED IS NOT PARTICULARLY LUCRATIVE, THEY MAY BE WILLING TO NEGOTIATE A LOWER PRICE IF THEY ABSOLUTELY MUST TO MATCH COMPETITION. IF CONGEN ADVISES THAT THERE IS THE SLIGHTEST DETERIORATION OF CHEMTEX PROPOSAL, TONNIES SAYS HE WILL "CLOSE THE OFFICE AND ALL WILL JUMP ON THE NEXT PLANE TO KARACHI."

4. PLEASE ADVISE IMMEDIATELY IF JAPANESE SEEM TO BE GAINING SUPPORT OR IF CONGEN CAN ASCERTAIN CHANGE IN TORAY BID.
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